

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re:) Chapter 11
)
SPA CHAKRA, INC., et al.,) Case No. 09-17260 (SMB)
)
Debtors.)

**SATOR REALTY INC.'S LIMITED OBJECTION TO DEBTORS'
MOTION FOR AN ORDER APPROVING BID PROCEDURES**

Sator Realty Inc. ("Sator"), by and through its counsel, Cozen O'Connor, hereby submits its limited objection to the motion (the "Motion") of the Debtors (defined below), for an order, inter alia, establishing bidding procedures for the Debtors' proposed sale of assets. In support of the limited objection, Sator submits as follows.

Background

1. On November 30, 2009 (the "Petition Date"), an involuntary petition was filed with this Court against Spa Chakra Fifth Avenue, LLC ("Fifth Avenue") under chapter 7 of the Bankruptcy Code by three of Fifth Avenue's alleged creditors. In response, Fifth Avenue filed a motion with this Court to convert the Chapter 7 case to a case under Chapter 11 of the Bankruptcy Code. That request was granted and an order for relief under Chapter 11 of the Bankruptcy Code was entered in that case on December 22, 2009. On December 9 and 10, 2009, the remaining Spa Chakra Debtors (collectively, the "Debtors") filed with this Court their respective voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. All of the Debtors' cases are being jointly administered by order dated December 11, 2009.

2. The Debtors operate and manage their businesses as debtors-in-possession pursuant to the provisions of 11 U.S.C. §§ 1107 and 1108.

3. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

4. Under a lease dated February 12, 2009 (the “Lease”), Sator leased nonresidential real property located at One East 52nd Street (a/k/a 663 Fifth Avenue and 655 Fifth Avenue), in the Borough of Manhattan, City, County and State of New York to Fifth Avenue.

5. On January 13, 2010, Sator filed a motion to compel payment of post-petition rent, which motion is scheduled for a hearing on January 28, 2010. As of the filing of this limited objection, the Debtors have not paid any post-petition rent to Sator.

6. On January 15, 2010, the Debtors filed the Motion, seeking to sell substantially all of their assets, and to assume and assign certain of its leases.

7. The Motion, however, does not include a list of leases to be assumed and assigned. Instead, the Debtors request authority to file their list of assumed leases and proposed cure amounts at least five days prior to the Sale Hearing (as defined in the Motion).

8. However, Debtors’ proposed auction procedures order does not include a deadline by which such schedule and proposed cure amounts must be filed.

9. Sator submits that the auction procedures order should provide a date by which the Debtors must file and serve the list of leases to be assumed and the proposed cure amount, and provide a deadline by which landlords may object to either the assumption and assignment of their lease, or to the cure amount.

10. Sator’s counsel has contacted Debtors’ counsel regarding this issue and has been informed that such language would be included in a revised form of order. But, as of the filing

of this limited objection, the Debtors have not provided a revised proposed form of order to Sator's counsel.

WHEREFORE, Sator respectfully requests that the Court modify the bid procedures order to include a deadline by which the Debtors must file and serve its list of leases to be assumed and the proposed cure amount, and grant such other and further relief as is just and proper.

DATED: January 25, 2010

COZEN O'CONNOR, PC

By: /s/ Jerrold N. Poslusny, Jr.

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